

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 06/18/2012  
**POSITION:** Support

**BILL NUMBER:** SB 1580  
**AUTHOR:** Sen Governmental  
Organization

### **BILL SUMMARY:** State surplus property: sales.

Existing law authorizes the Director of the Department of General Services (DGS) to dispose of state surplus property. The California Constitution requires the net proceeds from the sale of surplus property, not acquired with special funds, to be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount to retire Economic Recovery Bonds. However, the Legislature has the ability to declare that properties are not surplus and authorize the proceeds to be used for other purposes.

This bill would authorize the sale of the following armories and directs the proceeds to be deposited into the Armory Fund, in lieu of the Deficit Recovery Fund: Compton Parmelee, Healdsburg, Nevada City, and Willows.

This bill would also authorize: (1) the sale, lease, or exchange of the three specified parcels of state property; (2) rescind the surplus sale authorization of two specified parcels of state property; and (3) clarify that the former EDD Stockton Field Office shall be subject to the reimbursement of federal equity financing, if any exists.

### **FISCAL SUMMARY**

This bill could generate up to several millions of dollars or more from the sale of four armory properties, with the proceeds being deposited into the Armory Fund.

This bill could also generate up to several millions of dollars from the sale of three parcels designated as surplus state property, with the proceeds being used to help pay down the Economic Recovery Bonds.

### **COMMENTS**

Finance supports this Administration-sponsored bill because it would allow the state to dispose of properties that no longer meet programmatic needs, provide property sales revenues that would benefit the Armory Fund, and contribute to paying off the state's Economic Recovery Bonds. Although appraisals are not available for these properties, based on the size and general location of the subject properties, this bill could generate up to several millions of dollars or more.

While we are supportive of the sale of the armory properties and the deposit of these funds into the Armory Fund, it is unclear if the bill could be implemented as written, as the bill does not specifically declare that the armory properties are not surplus and, therefore, may not prevent the proceeds from being deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, as intended. However, we note that the DGS is currently working with the author's staff to suggest amendments to the bill that would clarify that these armory properties are not surplus state property.

Analyst/Principal (0653) B.Dewey	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**Sen Governmental  
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**COMMENTS** (continued)

The bill also authorizes the sale of the following three surplus properties, pursuant to Government Code 11011.1: (1) the Employment Development Department Field Office at 135 West Fremont in Stockton; (2) the Department of Corrections and Rehabilitation Watts parole Center at 9110 S. Central Avenue in Los Angeles; (3) and the Department of Corrections and Rehabilitation Single Family Residence on Sutter Lane in Ione. These properties are no longer needed to support state programs and should be sold, with the proceeds used to help retire additional Economic Recovery Bonds.

This bill would rescind the surplus property sale authorization of two specified parcels: the Healdsburg Armory and the Department of Motor Vehicles Field Office in Santa Maria (DMV Property).

- Chapter 625, statutes of 2007 (AB 1123), authorized the DGS to lease the Healdsburg Armory to the City of Healdsburg for 30-years at fair market value. An agreement with the City of Healdsburg was not reached and the rescission of this prior authorization will allow the Military Department to sell this property to other potential buyers.
- Chapter 448, statutes of 2007 (AB 358), authorized the DGS to enter into an agreement with the City of Santa Maria to exchange the DMV Property, at fair market value, to help replace the existing field office. A replacement project for the existing DMV field office is no longer being pursued and, therefore, this surplus sales authority is not needed.

	SO	(Fiscal Impact by Fiscal Year)					
Code/Department	LA	(Dollars in Thousands)					
Agency or Revenue	CO	PROP					Fund
Type	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	Code
1600/Misc Rev Tot	RV	No		-----	See Fiscal Analysis	-----	0604
<u>Fund Code</u>				<u>Title</u>			
0604				Armory Fund			